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**Process Improvement of the
35B Requisition Process
of the
SC Department of Probation, Parole and
Pardon Services**

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STATE DOCUMENTS

**Cheryl Mack Thompson
March 17, 2008**

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Process Improvement for the 35B Requisition Process of the SC Department of Probation, Parole and Pardon Services

As a part of any organization's internal financial controls, the accounting department may institute a purchase requisition process to help manage requests for purchases. Requests for the purchase of goods and services are documented and routed for approval within the organization and then delivered to the accounting section.

A purchase requisition typically contains vendor information, requested product or service information, date, department delivery information and often budget management information.

Problem Statement

The requisition process at the Department of Probation, Parole and Pardon Services (DPPPS) involved the preparation of a form 35B to request the goods or services to be purchased. Once the form was completed it is routed up the requestor's approval chain of command based on the dollar amount of the requisition. Once the appropriate signatures were obtained the request was sent to Procurement to process the Purchase Order.

The problem with the process is that it did not reference a budget review in any part of this process. This omission is what has caused the Agency serious cash flow and over-expenditure problems. When requisitions were approved prior to a budget review, the requestor expected to receive the requested item regardless of what the budget balance was at the time of the request, simply because it had been approved.

To improve the requisition process I surveyed DPPPS upper management and the Budget Manager for recommendations of how the current process could be enhanced and develop a more efficient way to monitor purchase requests in relation to the budget.

Some of the recommendations were:

- To be able to track the status of a requisition at any time in the process;
- One person designated to coordinate the requisition process;
- Ensure that department budgets are not over-expended;
- To be reviewed and approved by the Budget Office prior to being submitted to the Director and Procurement;
- To ensure that all required approvals are met prior to being submitted to the Director and Procurement

This information was used to help ensure that the agency met one of its strategic plan goals “to optimize our financial resources and to be fiscally responsible”.

My plan for improving the requisition process is investigate how to improve the current requisition process and incorporate budget authorization review into the approval process. Twenty of the 39 primary budget accounts were overdrawn in FY 07. Upper management was the driving force for the recommended changes. The data related to the number of requisitions processed does not exist; therefore I was unable to obtain the estimated volume of requisitions processed last year.

Process Issues:

- Budget was not considered during the approval process

- Processing time delayed if all of the required approvals have not been obtained. Requisitions were routed up the requestor's chain of command if the dollar amount exceeded their approval level.
- Unable to determine if the requisition had been processed or waiting for additional approvals. The process is not automated; therefore the requestor could not determine the status of the requisition without calling procurement to request the status. Without having a central point of contact for tracking the requests, there were times that Procurement may not have known the status of the requisition.

Challenges:

- Paper process-Requisitions are submitted on a 35B request form and cannot be faxed or emailed. The documents are mailed to the Central Office and distributed to the appropriate department.
- Costly to automate-The requisition software is very costly to add the number of users needed to utilize it effectively. The agency would need a minimum of seven additional user licenses which cost approximately \$28,000.
- Staff resistance to change-Staff unwilling to comply with the process. Unable to manage budget properly.
- Requisitions submitted without cost estimate-The requestor submits requisitions without researching the estimated cost of the item. This causes delays in processing if it is determined that the

amount is greater than the approval authority. Requests must be routed up the requestor's chain of command prior to processing.

- Budget balances often not up to date at the time of the request- Management reports are printed at the end of each month and distributed to all of the budget managers for each department by the 10th of the month. Budget managers are required to monitor their respective budgets; however, if not done appropriately, requisitions are made which could exceed the budget for the department.

Implementation Plan

The first step in developing the new requisition process was to create a small work team which included staff members from Procurement, Fiscal Management, Budget Office, Executive Management Team (EMT) and key requestors. The team met for about four weeks trying to determine how the requisition process should flow without creating any major issues with the requisition process. The requisition process consisted of the requestor completing a 35B and submitting the request to procurement. If the requested item or service was within the requestor's approval authority the request was processed by Procurement. If the request required additional approval, Procurement would route the request up the requestor's chain of command for approval. The Budget Director was consulted during the requisition process if the service resulted in a recurring expenditure. Otherwise, the Budget Director managed the budget based on the purchase orders generated. This type of budget management caused cash flow problems and/or created a lot of budget transfers to cover the expenditures in unbudgeted categories. Once the team

agreed upon the new process a flow chart (Appendix A) was created outlining the process of how the requisitions would be handled once they were received by the Requisition Coordinator.

The requisition process changes were:

- Established Requisition Coordinator position to serve as the single point of contact for submitting the requisitions for review and tracking.
- Prior to submitting request to Procurement, Information Technology Systems Services (ITSS), Budget and Deputy/Director approvals are obtained by the Requisition Coordinator.
- Budget Office has the authority to deny and return requisitions due to budget balances.

The new requisition process was implemented July, 2007. We conducted periodic reviews of the process to determine if any of the processing steps needed to be changed or removed. There were some additional challenges noted during the implementation process. One of the goals of this project was to ensure that the department budgets were not over-expended. This was and is still a challenge to prevent over-expending based on the limitations of our current accounting system. Although budget review is a part of the current process, the Budget Manager does not always have the most updated information. Therefore, requests and approvals are made using outdated information which has caused a few of the department budgets to be overdrawn. Although the process has not resolved all of the budget related problems, the number of overdrawn accounts has decreased by 14 since last year. Another obstacle during the implementation process was the

automation of the tracking process. During the initial discussions, a requisition software program was chosen to be used in assisting with the tracking and electronic submission of the requisitions. Due to the cost, the team decided to develop an in-house program to assist with the tracking component of the process. The tracking part of the process is managed using an Access database. The Requisition Coordinator records the date the request is received, sent to the Deputy/Director for approval and when it was submitted to Procurement. This process helps the Coordinator know where the requisition is during the approval process. The requisition document continues to be a manual paper process. With the implementation of the SCEIS system in FY 2010, this process will be fully automated.

The new Requisition Process was communicated to key staff members involved in the requisition process via email (Appendices B & C), management meetings, and monthly budget reporting. Several training sessions were conducted with core groups from each of the Divisions of the agency. A Standard Operating Procedure (SOP) (Appendix D) was finalized once the Requisition Tracking Process had been implemented and was deemed to be working properly.

Evaluation

The new process has several minor revisions to the process flow to assist with getting the requisition submitted to Procurement in a timely manner. The requisitions requiring the Directors approval are scheduled once a week. This allows the Director time to review the requests and ask related questions. By establishing the scheduled

meetings times, issues can be resolved quickly and eliminate unnecessary delays in processing. In addition to reviewing the process from the operations side of the requisition process, I developed a short survey to obtain feedback from the staff impacted directly by the process. I surveyed fifteen requestors and received feedback from eight. I asked four questions related to how the process has helped them with budget management, training, automation of the process and how the requisition process could be improved.

Two out of the eight responses stated that they were unaware of a change. Although my first thought was “where have they been”, but I then decided that I liked the response.

This response meant that they had not been affected by the process change. These individuals are located in the Field Offices. One of the concerns initially was that the new process would delay timely processing for the staff out in the field.

Three out of the four responses related to budget management stated that the process has helped them manage their purchases better. All of the responses said that no additional training was needed and they would like an automated system.

The last question asked how the process could be improved. These were some of the comments:

- The process could be improved if we were able to track the 35B's on the computer;
- Automating the process to make it easier to keep track of purchases and with the problem of how much things cost. Having the cost information available.
- Automating would be less time consuming and improve the process;

- Quicker response time and automatic updates of the status of your request;
- Automatic deduction of 35B amount from the department budget to make it easier for that department to check/balance their individual budgets.

Conclusion

In working with this project, the goal was to improve the 35B process and incorporate budget review in the process. The key recommendations of the process review team were to develop a process that would incorporate the recommendations of the Executive Management Team.

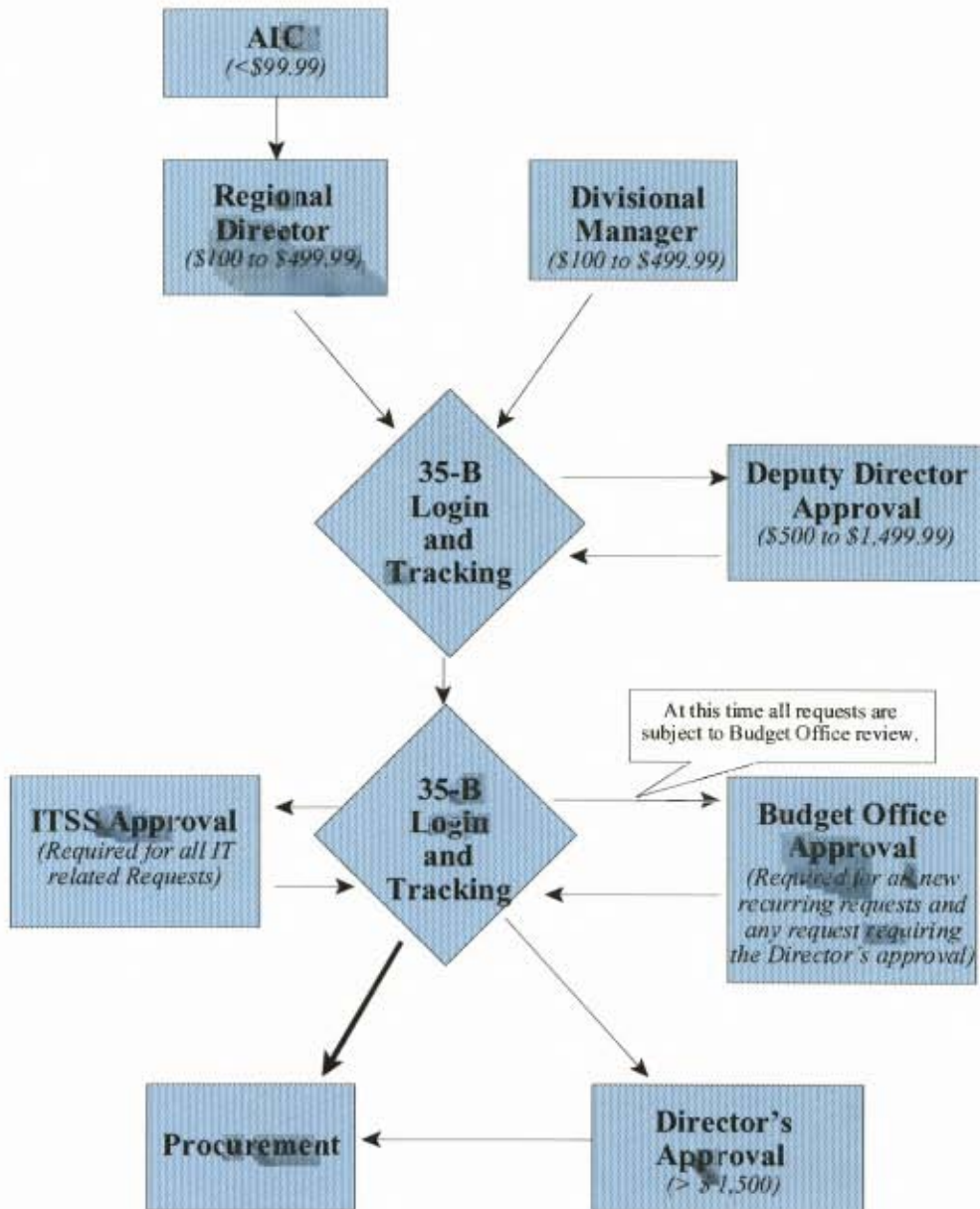
- To be able to track the status of a requisition at any time in the process utilizing the Requisition Coordinator as the central point of contact.
- One person designated to coordinate the requisition process;
- Ensure that department budgets are not over-expended;
- To be reviewed and approved by the Budget Office prior to being submitted to the Director and Procurement;
- To ensure that all required approvals are met prior to being submitted to the Director and Procurement

During this process we also identified the key processing issues and challenges. As a result, many of the process issues and challenges were addressed in the new requisition process which was implemented in July 2007. The survey conducted after the process had been implemented approximately six months, identified additional areas of concern for the team. The areas of improvement centered on the automation of the

requisition process. Due to the current budget constraints of the agency, the automated part of the new requisition process will be delayed until funding is available. The recommendation of having the cost information available will be addressed for the most frequently purchased items. The Procurement Office is in the process of developing a most frequently purchased item list with the dollar amount of those items. This should help with many of the routine purchases. Other non-routine purchases should be submitted to Procurement for a cost estimate prior to making the request.

The 35B requisition process has been a successful implementation. However, like any process, it will be monitored and updated on a regular basis to ensure that we are meeting the needs of our customers.

35-B Requisition Process



INTEROFFICE MEMORANDUM

To: Executive Management Team
Divisional Managers

From: Cheryl Mack Thompson

Date: March 18, 2008

Subject 35B Request Processing

:

Effective immediately, the 35B process has changed as follows:

All 35B requests will be sent directly to Fiscal Management. 35B requests will be processed in the following manner:

- Placed directly in the mail bin labeled "Incoming 35B" located in the fifth floor mail room.
- Placed directly in the tray labeled "Incoming 35B" located at the receptionist desk located on the third floor.
- Mailed to Fiscal Management. Your envelop should be labeled "35B Processing" and sent to SCDPPPS Fiscal Management Section, P O Box 50566 Columbia, SC 29250
- The 35B request will be logged into an internal spreadsheet and issued a requisition number.
- The Budget Office will review the request for accuracy-department number and fund to be charged; budget availability; and recurring or non-recurring items. Then approve the request. If it is determined that there are insufficient funds to approve the 35B request it will be returned to the requestor with an explanation as to why request was denied.
- Once approved by the Budget Office, all other required signatures will be obtained and the request will be forwarded to the Procurement Manager for processing.
- Once the requisition has been processed and a Purchase Order has been created, the Purchase Order number will be included on the requisition report and closed out of the requisition system. Any outstanding requisitions will be reviewed monthly.
- Please do not **email or fax** 35B requests to Procurement.

If you have an emergency request please contact the Budget Office-Zandria Buck at (803) 734-7898 or zbuck@ppp.state.sc.us. We are in the process of revising the policies affected by the 35B processing change. You will be notified once the changes have been updated.

If you have any questions, please feel free to contact me at (803) 734-9238 or cthompson@ppp.state.sc.us.



Department of Probation, Parole and Pardon Services

The Budget Office has reviewed the attached 35-B Requisition and has determined the following problems. Please take the necessary steps to correct these problems. If you need assistance, please contact the Budget Office at 734-7898.

Requisition Number: _____

Requestor Name: _____

Date Submitted: _____

Budget Center Code: _____

Date Returned: _____

The attached requisition(s) have been cancelled/held for the following reason(s):

- () **Budget Center is in deficit status** - Transfers need to be requested to increase the budget for this budget center.
- () **Budget Center is projected to have a deficit** - Transfer need to be requested to increase the budget for this budget center.
- () **35-B is incomplete** - Please complete the highlighted areas and resubmit.
- () **35-B requires additional justification** - Please attached additional justification explaining the need for this request and the effect of not approving.
- () **This 35-B cannot be approved at this time** - Please contact your direct supervisor for further guidance.
- () **Other** _____

Appendix D

35 - B Input Screen

Requisition Number	080001
Date 35B Received:	
Item Description	Supplies for ID Machine
Dept Number	07910
Total Amount	\$476.00
Date Requested	6/19/2007
Contact Last Name	Woodard
Contact First Name:	Carol
IT Related (Yes/No)	No

Budget Office Requisition Update Screen

Requisition Number	080001
Dept Number	07910
Item Description	Supplies for ID Machine

Date Budget Received	6/18/2007
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Date Budget Approved	6/27/2007
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Fund Code

Recurring (Yes/No)	Yes
--------------------	-----

Budgeted (Yes/No)	Yes
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Completed Requisition Update

Requisition Number 080001
Dept Number 07910
Item Description Supplies for ID Machine

Date Sent to EMT/Director

Date Sent to Procurement 6/27/2007

PO Number

Appendix E

FISCAL MANAGEMENT
Standard Operating Procedures

Date: 09/11/07

Purpose:

To record and track all 35B requisitions for the Agency.

Time Frame:

Requisitions should be submitted daily to the Procurement Office.

Paper Flow and Notification Process:

Requisitions should be checked twice a day. The times are 11:00 a.m. and 2:00 pm. They are picked up from three locations - fifth floor mail room, Cheryl Thompson's office and at the 3rd floor desk.

Data Entry:

All 35B requisitions are keyed into 35B requisition database utilizing Microsoft Access.

Procedure:

Once all three locations for requisitions have been checked, these next steps need to be done before sending the requisitions onto Procurement:

- a) Stamp in all requisitions
- b) Assign tracking number (system will provide next number in sequence)
- c) Verify amounts for signature approval levels
- d) Log in pertinent information
- e) Forward IT related requests to ITSS
- f) Forward all requisitions to the Budget Office

A. Stamp all Requisitions. All requisitions should be stamped in the order in which they are received and place in a folder to be keyed daily

B. Assign Tracking Number. The system will provide the tracking number once you start typing information from the requisition, be sure to write the number in red above the instructions box

C. Verify Amounts for Signature Approval Levels. The signatures levels depend upon the estimated cost of each item. Requisitions coming in from the county offices need to have a signature from the Agent in Charge (AIC). Then determine from the cost if additional signatures are needed. All other requisitions need to have a signature from their divisional managers.

D. Log in Pertinent Information. The system will tab through the form stopping where information is needed. Once all requisitions are logged in, stamp each requisition "posted", and make a copy of each requisition.

E. Forward IT related Request to ITSS. Any requisition that pertains to IT (software; running computer lines, etc.), must go to the Operations Manager in the IT section. Any requisitions that request running computer lines, need to go to the _____. Once you receive these requisitions back, forward to the Budget Office.

F. Forward all requisitions to the Budget Office. Forward all requisitions to the Budget Office. The Budget Office is responsible for verifying the Budget center codes, verifying the estimated cost with procurement, fund availability and whether additional information or signatures are needed.

Clarification and Additional Information:

The requisitions should already have the proper signatures before they are logged in. If more signatures are required, they will be highlighted.

There are at least six folders to maintain for requisition tracking - One folder is for approval by the Director; another for the Budget Office; three folders are each deputy director and another for approved requisitions to procurement. Once Budget approves, denies or hold requisitions, they are forwarded back to the third floor receptionist. Budget Office will email the receptionist if any requisitions are being held in that office. If a requisition is not returned to you by a deputy director, it must be noted in the 35B log. Any requisitions requesting "drug test sticks/kits" are not to be logged in, only forwarded to Field Support Programs. Requisitions for cell phone replacement, accessories, batteries and things of that nature are also not logged in but forwarded to Procurement. Wherever you send the requisitions for signature, you will be responsible for getting them back.